

Message Text

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ACTION NEA-13

INFO OCT-01 ISO-00 EUR-25 INT-08 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01

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R 190945Z FEB 74

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 7584

INFO AMEMBASSY NEW DELHI

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EO 11652: N/A

TAGS: EMIN, NP

SUBJECT: MAGNESITE DEPOSIT - NEPAL

REF: NEW DELHI 1517

1. EMBASSY ECON OFFICER CALLED ON BUREAU MINES DIRECTOR M. N. RANA FEBRUARY 15 TO ASCERTAIN WHETHER HE HAD RECEIVED CORRESPONDENCE FROM WICKEN OF HARBISON-WALKER, AND TO MAKE SURE RANA AWARE THAT HARBISON-WALKER GENUINELY INTERESTED IN MAGNESITE DEPOSIT. RANA SAID HE HAD RECEIVED WICKEN'S LETTER MENTIONED REFTEL, BUT THAT HE HAD HOPED BY NOW TO HAVE RECEIVED SECOND LETTER REQUESTING EARLY MEETING IN KATHMANDU. ECON OFFICER REPLIED IT WAS HIS UNDERSTANDING THAT WICKEN WAS WAITING UNTIL CHEMICAL ANALYSES OF SECOND GROUP OF SAMPLES WAS COMPLETED AND THAT WICKEN WOULD THEN PROPOSE MEETING. RANA AGREED THAT THIS WAS PROBABLY CASE AND SAID THAT HE HOPED TO HEAR SOON FROM HARBISON-WALKER.

2. ECON OFFICER THEN MENTIONED THAT HE HAD HEARD THAT OTHER COMPANIES, INCLUDING G. R. STEIN OF THE UNITED KINGDOM, WERE INTERESTED IN DEVELOPING NEPAL'S MAGNESITE DEPOSIT. RANA

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REPLIED THAT OTHER COMPANIES HAD EXPRESSED SOME INTEREST, BUT HE APPEARED NEVER TO HAVE HEARD OF G. R. STEIN. BASED ON

RANA'S REACTION, IT WOULD APPEAR THAT HARBISON-WALKER IS FRONT RUNNER.

3. RANA WENT ON TO SAY THAT HE WAS DELIGHTED WITH INTEREST SHOWN BY HARBISON-WALKER BECAUSE IT WAS WELL ESTABLISHED COMPANY WITH WORLD RECOGNIZED COMPETENCE IN REFRACTORIES. SPEAKING CONFIDENTIALLY, RANA THEN SAID HE WAS SOMEWHAT CONCERNED HOWEVER ABOUT ORISSA INDUSTRIES, HARBISON-WALKER'S INDIAN PARTNER. HE SAID THERE WERE OTHER INDIAN COMPANIES, SUCH AS BELPHAR AND ORISSA CEMENT, WHICH WERE WELL ESTABLISHED IN REFRACTORY MARKET IN INDIA, AND COULD PROBABLY DO BETTER MARKETING JOB IN INDIA, WHERE SUCCESS IS CRUCIAL TO PROJECT, THAN ORISSA INDUSTRIES, WHICH RANA SAID HAD NO BACKGROUND IN REFRACTORIES. RANA ASKED THAT HIS CONCERNS REGARDING ORISSA INDUSTRIES NOT BE PASSED ON TO HARBISON-WALKER.

4. COMMENT: RANA MAY HAVE BEEN USING THIS INDIRECT METHOD TO MAKE HIS, OR GON'S VIEWS, KNOWN TO HARBISON-WALKER. GIVEN LOW-KEY MANNER IN WHICH SUBJECT WAS RAISED, IT IS OUR JUDGMENT, HOWEVER, THAT PARTICIPATION ORISSA INDUSTRIES IS NOT OVERRIDING CONCERN OF GON TO EXTENT THAT IT WOULD PREJUDICE HARBISON-WALKER'S INTERESTS. GIVEN ITS CHOICE, GON WOULD PROBABLY PREFER TO HAVE DIFFERENT INDIAN PARTNER, BUT GIVEN ITS APPARENT RESPECT FOR HARBISON-WALKER, GON WOULD MOST LIKELY ACCEPT ORISSA INDUSTRIES AS PART OF LARGER HARBISON-WALKER DEAL.

5. ACTION: DEPARTMENT REQUESTED PASS ABOVE INFORMATION EXCLUDING INFO PARA 3 ON ORISSA INDUSTRIES TO DEWARD WICKEN, CHIEF GEOLOGIST, HARBISON-WALKER. EMBASSY WILL DISCUSS LATTER POINTS WITH WICKEN INFORMALLY WHEN NEXT HE VISITS KATHMANDU.
CARGO

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